

POST OAK BANK
OF HOUSTON

2200 SOUTH POST OAK, HOUSTON, TEXAS 77058

THOMAS A. ADREAN
Vice President

Houston

8-193A089

JUL 12 1978

Date

Fee \$ 50

ICC Washington, D. C.

Interstate Commerce Commission
12th and Constitution Ave., N.W.
Washington, D.C. 20423

9537

RECORDATION NO. Filed & Recorded

Attention: Railroad Documentation JUL 12 1978 - 12 20 PM

Gentlemen:

INTERSTATE COMMERCE COMMISSION

Pursuant to the provisions of Section 1116.4 of Chapter X of the Regulations of the Interstate Commerce Commission, the following letter is hereby submitted.

The names and addresses of the parties to the transaction are as follows:

Mortgagor (Debtor): R. R. McKay
1819 St. James Place
Houston, TX 77056

Mortgagee (Secured
Party) : Post Oak Bank
P. O. Box 22716
Houston, Texas 77027

Attention: Thomas A. Adrean
Vice President

Guarantor: None

A general description of the railroad equipment is as follows:

Five (5) 23,500 gallon nominal capacity tank cars DOT111A100W3, exterior coiled and insulated; 100-ton roller bearing the following numbers: RTMX 12461; RTMX 12462; RTMX 12463; RTMX 12621; RTMX 12622.

RECEIVED
JUL 12 12 17 PM '78
T.C.C.
FEE OPERATION BR.

Interstate Commerce Commission

Page Two (2)

The owner of the aforementioned railroad tank cars is

Enclosed are three executed counterparts of the security agreement as required by ICC Rules and a check for \$50.00 to cover the filing fee.

The original document should be returned to Post Oak Bank, P. O. Box 22716 Houston, Texas 77027

Attention: Thomas A. Adrean
Vice President

Please call the undersigned collect if you have any questions regarding this matter at 713/622-4900.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Thomas A. Adrean', written in a cursive style.

Thomas A. Adrean

TAA/cg

Enclosure

Interstate Commerce Commission
Washington, D.C. 20423

7/12/78

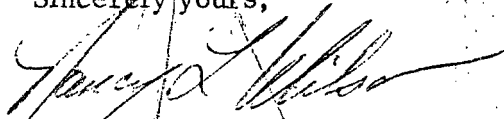
OFFICE OF THE SECRETARY

Post Oak Bank
P.O.Box 22716
Houston, Texas 77027
Attention: Thomas A. Adrean, Vice Pres.

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **7/12/78** at **12:20pm** and assigned recordation number(s) **9537**

Sincerely yours,



Nancy L. Wilson
Acting Secretary

Enclosure(s)



POST OAK BANK

HOUSTON, TEXAS 77027

SECURITY AGREEMENT

RECORDATION NO. 9537 Filed & Recorded

JUL 12 1978 12 22 PM

INTERSTATE COMMERCE COMMISSION

(ACCOUNTS, INVENTORY, EQUIPMENT,
FIXTURES, GENERAL INTANGIBLES, OTHER)

July 7, 1978

(Date)

R. R. McKay

(Name)

1819 St. James Place

Houston

Harris

Texas

(No. and Street)

(City)

(County)

(State)

hereinafter called "Debtor", for value received, the receipt and sufficiency of which is hereby acknowledged, hereby grants to POST OAK BANK, Houston, Harris County, Texas, hereinafter called "Secured Party" the security interest hereinafter set forth and agrees with Secured Party as follows:

I. **SECURITY INTEREST.** Debtor hereby grants to Secured Party a security interest in and agrees that Secured Party has and shall continue to have a security interest in the following property, including without limitation the items described on Exhibits, if any, attached hereto and made a part hereof, to-wit: (CHECK APPROPRIATE BLOCK(S))

ACCOUNTS:

- ☐ All accounts now owned as well as any and all that may be hereafter acquired by Debtor, and all the proceeds and products thereof, including without limitation, all notes, drafts, acceptances, instruments and chattel paper arising therefrom, and all returned or repossessed goods arising from or relating to any such accounts, or other proceeds of any sale or other disposition of inventory;
- ☐ Only those specific accounts and/or contracts listed and described on Schedule A attached or which may hereafter be attached hereto, and all the proceeds and products thereof, including without limitation, all notes, drafts, acceptances, instruments and chattel paper arising therefrom, and all returned or repossessed goods arising from or relating to any such accounts, or other proceeds of any sale or other disposition of inventory;

INVENTORY:

- ☐ All of Debtor's inventory, including all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property now owned or hereafter acquired and held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in Debtor's business and all additions and accessions thereto and contracts with respect thereto and all documents of title evidencing or representing any part thereof, and all products and proceeds thereof, including, without limitation, all of such which is now or hereafter located at the following locations:

FIXTURES:

- ☐ All of Debtor's fixtures and appurtenances thereto, and such other goods, chattels, fixtures, equipment and personal property affixed or in any manner attached to the real estate and/or building(s) or structure(s), including all additions and accessions thereto and replacements thereof and articles in substitution therefor, howsoever attached or affixed, located at the following locations:

(legal description)

The record owner of the real estate is _____;

EQUIPMENT:

- ☐ All equipment of every nature and description whatsoever now owned or hereafter acquired by Debtor including all appurtenances and additions thereto and substitutions therefor, wheresoever located, including all tools, parts and accessories used in connection therewith;

GENERAL INTANGIBLES:

- ☐ All other personal property now owned or hereafter acquired by Debtor other than goods, accounts, chattel paper, documents and instruments;

CHATTEL PAPER:

- ☐ All of Debtor's interest under Lease Agreements and other instruments or documents evidencing both a debt and security interest in or lease of specific goods;

FARM PRODUCTS:

- ☐ All of Debtor's interest in any and all crops, livestock and supplies used or produced by Debtor in farming operations wheresoever located; Debtor's residence is in the county shown at the beginning of this Agreement, and Debtor agrees to notify promptly Secured Party of any change in the county of Debtor's residence; all of Debtor's crops or livestock are presently located in the following counties:

XX ☐ ONLY THE SPECIFIC COLLATERAL LISTED BELOW:

- A. Five (5) 23,500 gallon nominal capacity tank cars DOT111A100W3, exterior coiled and insulated; 100-ton roller bearing trucks bearing the following numbers: RTMX 12461; RTMX 12462; RTMX 12463; RTMX 12621; RTMX 12622 including all appurtenances and additions thereto and substitutions thereof, wheresoever located, including all tools, parts, and accessories used in connection therewith.
- B. All of debtor's interests and rights under certain management agreements dated May 4, 1978 between Richmond Leasing Company, lessor and R. R. McKay, Investor and other instruments or documents evidencing both the debt and the security interest in subject goods now existing or hereafter acquired.

(See Exhibit "D")

and accessions, additions and attachments thereto and the proceeds and products thereof, including without limitation, all cash, notes, drafts, acceptances, instruments and chattel paper or other property, benefits or rights arising therefrom, and in and to all returned or repossessed goods arising from or relating to any of the Collateral or other proceeds of any sale or other disposition of such Collateral (all hereinafter sometimes called the "Collateral").

The security interest granted hereby is to secure the payment of (i) that certain promissory note of even date herewith in the original principal sum of \$ 185,155, and any and all extensions, renewals and rearrangements thereof, executed by or on behalf of Debtor and payable to the order of Secured Party in the manner as therein provided, and (ii) any and all other indebtedness and liabilities whatsoever of the Debtor to Secured Party whether direct or indirect, absolute or contingent, due or to become due and whether now existing or hereafter arising and howsoever evidenced or acquired, whether joint or several (all of which are hereinafter sometimes called the "Obligations"). Debtor acknowledges that the security interest hereby granted shall secure all future advances as well as any and all other obligations and liabilities of Debtor to Secured Party whether now in existence or hereafter arising.

II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR

(a) Except for the security interest granted hereby, the Debtor is, and as to the Collateral acquired after the date hereof which is included within the security interest specified in Section I hereof, Debtor will be, the owner of all such Collateral free from any adverse claim, security interest or encumbrance;

(b) There is no Financing Statement now on file in any public office covering any part of the Collateral, and so long as any amount remains unpaid on any Obligations of the Debtor to Secured Party, Debtor will not execute and there will not be on file in any public office any such Financing Statement or statements except the Financing Statement filed or to be filed in respect to the security interest hereby granted;

(c) Subject to any limitation stated therein or in connection therewith, all information furnished to Secured Party concerning the Collateral and proceeds thereof, or otherwise for the purpose of obtaining credit or an extension of credit, is or will be at the time the same is furnished, accurate and correct in all material respects.

(d) The Collateral will be used by the Debtor primarily for:

- ☐ Personal, family or household purposes;
- ☐ Farming Operations;
- ☐ Business Use.

(e) Except as herein provided, Debtor will not remove the Collateral from the county or counties designated at the beginning of this Agreement without the written consent of Secured Party. The address of Debtor designated at the beginning of this Agreement is Debtor's place of business if Debtor has only one place of business; Debtor's chief executive office if Debtor has more than one place of business; or Debtor's residence if Debtor has no place of business. Debtor agrees to notify Secured Party promptly of any change in such address.

III. PROVISIONS REGARDING ACCOUNTS. The following provisions shall apply to all accounts included within the Collateral:

(a) Although it will be within Secured Party's discretion whether to make loans under this agreement, Debtor understands that Secured Party intends to limit its loans, advances or other extensions of credit so that the maximum aggregate principal amount at any one time remaining unpaid on all Obligations of Debtor to secured Party secured hereby shall not be in excess of _____ % of the aggregate amount owing to the Debtor for shipments of products previously made and for services rendered for which invoices have been issued and in respect of which the Debtor has furnished Secured Party with the assignments and other information required hereunder (such maximum ceiling on loans being hereinafter sometimes referred to as the "Loan Formula"). Debtor warrants that each and all of the accounts at any time included in the computation of the Loan Formula will be paid in full on or before _____ days from the respective dates of the billing thereof, and accounts which remain unpaid in whole or in part beyond such period or in respect of which set-offs, defenses or counterclaims are claimed by the account debtor shall not be included in the Loan Formula. Notwithstanding the delivery of an assignment or identification pursuant hereto or the making of any loan in connection therewith, Secured Party may within 20 days after the date of each such assignment or identification, respectively, by notice in writing to the Debtor reject as unacceptable any one or more or all of the accounts included in such assignment or identification; and in the event of any such rejection the Debtor shall forthwith pay and apply on its indebtedness to Secured Party an amount equal to the Loan Formula value of such rejected account or accounts and such account or accounts shall not thereafter be included in the Loan Formula. Any such rejection may be for any reason deemed by Secured Party to be sufficient and notice of such rejection shall be deemed sufficiently given if mailed to the Debtor by Secured Party within such 20-day period.

(b) The term "account", as used herein shall have the same meaning as set forth in the Uniform Commercial Code of Texas in effect as of the date of execution hereof, and as set forth in any amendment to the Uniform Commercial Code of Texas to become effective after the date of execution hereof, and shall include all accounts, notes, instruments, documents, general intangibles, drafts, acceptances and chattel paper in which at any time or from time to time Secured Party has or is intended to have a security interest pursuant to Section I hereof. As of the time any account becomes subject to such security interest, Debtor shall be deemed to have warranted as to each and all of such accounts (i) that each account and all papers and documents relating thereto are genuine and in all respects what they purport to be, (ii) that each account is valid and subsisting and arises out of a bona fide sale of goods sold and delivered to, or out of and for services theretofore actually rendered by the Debtor to, the account debtor named in the account, (iii) that the amount of the account represented as owing is the correct amount actually and unconditionally owing except for normal cash discounts and is not subject to any set-offs, credits, deductions or counter-charges, (iv) that the Debtor is the owner thereof free and clear of all liens, encumbrances and security interest of any and every nature whatsoever.

(c) Secured Party shall have the right in its own name or in the name of the Debtor, whether before or after default by the Debtor, to demand, collect, receive, receipt for, sue for, compound and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of the Debtor on all commercial paper given in payment or part payment thereof, and in its discretion to file any claim or take any other action or proceeding which Secured Party may deem necessary or appropriate to protect and preserve and realize upon the Security Interest of Secured Party in the Collateral. In order to assure collection of receivables in which Secured Party has a security interest hereunder, Secured Party may notify the post office authorities to change the address for delivery of mail addressed to Debtor to such address as Secured Party may designate, and to open and dispose of such mail and receive the collections of accounts receivable included herewith.

(d) Debtor will from time to time execute such further instruments and do such further acts and things as Secured Party may reasonably require by way of further assurance to Secured Party of the matters and things herein provided for. Without limiting the foregoing Debtor agrees to execute and deliver to Secured Party an assignment or other form of identification in the form required by Secured Party of all accounts at any time included in the computation of the Loan Formula, together with such other evidence of the existence and identity of such accounts as Secured Party may reasonably require; and Debtor will mark its books and records to reflect the assignment of any such accounts, or other accounts which are included within the Security Interest specified in Section I hereof. Debtor will accompany each transmission of proceeds to Secured Party pursuant to subparagraph (a) above with a report in such form as Secured Party may require in order to identify the accounts to which such proceeds apply.

(e) Returned or repossessed goods arising from or relating to any accounts included within the security interest specified in Section I hereof shall if requested by Secured Party be held separate and apart from any other property. Debtor shall as often as requested by Secured Party, but not less often than weekly even though no special request has been made, report to Secured Party the appropriate identifying information with respect to such returned or repossessed goods relating to accounts included in assignments, or identifications made pursuant hereto. At the same time the Debtor shall report the appropriate identifying information with respect to all accounts included in such assignments or identifications which remain unpaid in whole or in part beyond the period specified in the third sentence of the first paragraph of Section III hereof, or in respect of which set-offs, defenses or counterclaims are claimed by the account debtor. The Debtor shall forthwith pay and apply on its indebtedness to Secured Party an amount equal to the Loan Formula value of all accounts included in such reports.

and accessions, additions and attachments thereto and the proceeds and products thereof, including without limitation, all cash, notes, drafts, acceptances, instruments and chattel paper or other property, benefits or rights arising therefrom, and in and to all returned or repossessed goods arising from or relating to any of the Collateral or other proceeds of any sale or other disposition of such Collateral (all hereinafter sometimes called the "Collateral").

The security interest granted hereby is to secure the payment of (i) that certain promissory note of even date herewith in the original principal sum of \$ 185,155, and any and all extensions, renewals and rearrangements thereof, executed by or on behalf of Debtor and payable to the order of Secured Party in the manner as therein provided, and (ii) any and all other indebtedness and liabilities whatsoever of the Debtor to Secured Party whether direct or indirect, absolute or contingent, due or to become due and whether now existing or hereafter arising and howsoever evidenced or acquired, whether joint or several (all of which are hereinafter sometimes called the "Obligations"). Debtor acknowledges that the security interest hereby granted shall secure all future advances as well as any and all other obligations and liabilities of Debtor to Secured Party whether now in existence or hereafter arising.

II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR

(a) Except for the security interest granted hereby, the Debtor is, and as to the Collateral acquired after the date hereof which is included within the security interest specified in Section I hereof, Debtor will be, the owner of all such Collateral free from any adverse claim, security interest or encumbrance;

(b) There is no Financing Statement now on file in any public office covering any part of the Collateral, and so long as any amount remains unpaid on any Obligations of the Debtor to Secured Party, Debtor will not execute and there will not be on file in any public office any such Financing Statement or statements except the Financing Statement filed or to be filed in respect to the security interest hereby granted;

(c) Subject to any limitation stated therein or in connection therewith, all information furnished to Secured Party concerning the Collateral and proceeds thereof, or otherwise for the purpose of obtaining credit or an extension of credit, is or will be at the time the same is furnished, accurate and correct in all material respects.

(d) The Collateral will be used by the Debtor primarily for:

- ☐ Personal, family or household purposes;
- ☐ Farming Operations;
- ☐ Business Use.

(e) Except as herein provided, Debtor will not remove the Collateral from the county or counties designated at the beginning of this Agreement without the written consent of Secured Party. The address of Debtor designated at the beginning of this Agreement is Debtor's place of business if Debtor has only one place of business; Debtor's chief executive office if Debtor has more than one place of business; or Debtor's residence if Debtor has no place of business. Debtor agrees to notify Secured Party promptly of any change in such address.

III. PROVISIONS REGARDING ACCOUNTS. The following provisions shall apply to all accounts included within the Collateral:

(a) Although it will be within Secured Party's discretion whether to make loans under this agreement, Debtor understands that Secured Party intends to limit its loans, advances or other extensions of credit so that the maximum aggregate principal amount at any one time remaining unpaid on all Obligations of Debtor to secured Party secured hereby shall not be in excess of _____ % of the aggregate amount owing to the Debtor for shipments of products previously made and for services rendered for which invoices have been issued and in respect of which the Debtor has furnished Secured Party with the assignments and other information required hereunder (such maximum ceiling on loans being hereinafter sometimes referred to as the "Loan Formula"). Debtor warrants that each and all of the accounts at any time included in the computation of the Loan Formula will be paid in full on or before _____ days from the respective dates of the billing thereof, and accounts which remain unpaid in whole or in part beyond such period or in respect of which set-offs, defenses or counterclaims are claimed by the account debtor shall not be included in the Loan Formula. Notwithstanding the delivery of an assignment or identification pursuant hereto or the making of any loan in connection therewith, Secured Party may within 20 days after the date of each such assignment or identification, respectively, by notice in writing to the Debtor reject as unacceptable any one or more or all of the accounts included in such assignment or identification; and in the event of any such rejection the Debtor shall forthwith pay and apply on its indebtedness to Secured Party an amount equal to the Loan Formula value of such rejected account or accounts and such account or accounts shall not thereafter be included in the Loan Formula. Any such rejection may be for any reason deemed by Secured Party to be sufficient and notice of such rejection shall be deemed sufficiently given if mailed to the Debtor by Secured Party within such 20-day period.

(b) The term "account", as used herein shall have the same meaning as set forth in the Uniform Commercial Code of Texas in effect as of the date of execution hereof, and as set forth in any amendment to the Uniform Commercial Code of Texas to become effective after the date of execution hereof, and shall include all accounts, notes, instruments, documents, general intangibles, drafts, acceptances and chattel paper in which at any time or from time to time Secured Party has or is intended to have a security interest pursuant to Section I hereof. As of the time any account becomes subject to such security interest, Debtor shall be deemed to have warranted as to each and all of such accounts (i) that each account and all papers and documents relating thereto are genuine and in all respects what they purport to be, (ii) that each account is valid and subsisting and arises out of a bona fide sale of goods sold and delivered to, or out of and for services theretofore actually rendered by the Debtor to, the account debtor named in the account, (iii) that the amount of the account represented as owing is the correct amount actually and unconditionally owing except for normal cash discounts and is not subject to any set-offs, credits, deductions or counter-charges, (iv) that the Debtor is the owner thereof free and clear of all liens, encumbrances and security interest of any and every nature whatsoever.

(c) Secured Party shall have the right in its own name or in the name of the Debtor, whether before or after default by the Debtor, to demand, collect, receive, receipt for, sue for, compound and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of the Debtor on all commercial paper given in payment or part payment thereof, and in its discretion to file any claim or take any other action or proceeding which Secured Party may deem necessary or appropriate to protect and preserve and realize upon the Security Interest of Secured Party in the Collateral. In order to assure collection of receivables in which Secured Party has a security interest hereunder, Secured Party may notify the post office authorities to change the address for delivery of mail addressed to Debtor to such address as Secured Party may designate, and to open and dispose of such mail and receive the collections of accounts receivable included herewith.

(d) Debtor will from time to time execute such further instruments and do such further acts and things as Secured Party may reasonably require by way of further assurance to Secured Party of the matters and things herein provided for. Without limiting the foregoing Debtor agrees to execute and deliver to Secured Party an assignment or other form of identification in the form required by Secured Party of all accounts at any time included in the computation of the Loan Formula, together with such other evidence of the existence and identity of such accounts as Secured Party may reasonably require; and Debtor will mark its books and records to reflect the assignment of any such accounts, or other accounts which are included within the Security Interest specified in Section I hereof. Debtor will accompany each transmission of proceeds to Secured Party pursuant to subparagraph (a) above with a report in such form as Secured Party may require in order to identify the accounts to which such proceeds apply.

(e) Returned or repossessed goods arising from or relating to any accounts included within the security interest specified in Section I hereof shall if requested by Secured Party be held separate and apart from any other property. Debtor shall as often as requested by Secured Party, but not less often than weekly even though no special request has been made, report to Secured Party the appropriate identifying information with respect to such returned or repossessed goods relating to accounts included in assignments, or identifications made pursuant hereto. At the same time the Debtor shall report the appropriate identifying information with respect to all accounts included in such assignments or identifications which remain unpaid in whole or in part beyond the period specified in the third sentence of the first paragraph of Section III hereof, or in respect of which set-offs, defenses or counterclaims are claimed by the account debtor. The Debtor shall forthwith pay and apply on its indebtedness to Secured Party an amount equal to the Loan Formula value of all accounts included in such reports.

VI. EVENTS OF DEFAULT:

(a) Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (hereinafter sometimes called an "Event of Default"): (i) failure of Debtor to pay when due any interest on or any principal or installment of principal of any Obligation of Debtor to Secured Party; (ii) the occurrence of any event which under the terms of any evidence of indebtedness, indenture, loan agreement, security agreement or similar instrument permits the acceleration of maturity of any indebtedness of Debtor to Secured Party, or to others than Secured Party; (iii) any representation or warranty made by Debtor herein or made in any statement or certificate furnished to Secured Party by the Debtor pursuant hereto or in connection with any loan or loans proves incorrect in any material respect as of the date of the making or issuance thereof; (iv) default occurs in the observance or performance by Debtor of any provision of this agreement or of any note, assignment or transfer under or pursuant thereto, (v) the dissolution, termination of existence, insolvency or business failure of the Debtor, or the application for the appointment of a receiver of any part of the property of the Debtor, or the commencement by or against the Debtor of any proceeding under any bankruptcy arrangement, reorganization, insolvency or similar law for the relief of debtors, or by or against any guarantor or surety for the Debtor, or upon the service of any warrant, attachment, levy or similar process in relation to a tax lien or assessment; or (vi) the Collateral becomes, in the judgment of Secured Party, unsatisfactory or insufficient in character or value.

(b) Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's Obligations to Secured Party to be insecure, and at any time thereafter, Secured Party, may, at its option, without notice or demand, to the Debtor, declare all Obligations secured hereby immediately due and payable and Secured Party shall thereupon have the rights and remedies of a Secured Party under the Texas Uniform Commercial Code, including without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral and to apply the proceeds thereof toward payment of any costs and expenses and attorney's fees and legal expenses thereby incurred by the Secured Party and toward payment of the Obligations in such order or manner as the Secured Party may elect. Secured Party shall have the right to take immediate possession of the Collateral, with or without process of law, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any public sale or other disposition thereof is to be made. The requirement of sending a reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, repairing, improving, maintaining, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at a rate per annum at all times equal to the highest lawful contract rate permitted by applicable law of the State of Texas, and shall constitute additional Obligations of Debtor which shall be due on demand and which shall be secured by and entitled to the benefits of this Security Agreement. If the proceeds of any sale or other lawful disposition by Secured Party of the Collateral following its retaking, are insufficient to pay the expenses of retaking, repairing, holding, preparing the Collateral for sale, selling it and the like, to satisfy the Obligations of Debtor to Secured Party, then Debtor agrees to pay any deficiency, but Debtor shall be entitled to any surplus if one results after lawful application of all of such proceeds.

(c) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(d) It is the intention of the parties hereto to comply with the usury laws of the State of Texas; accordingly, it is agreed that notwithstanding any provision to the contrary in this Security Agreement, or in any of the documents evidencing the Obligations or otherwise relating thereto, no such provision shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excess of interest in such respect is provided for, or shall be adjudicated to be so provided for, in this Security Agreement, or in any of the documents evidencing the Obligations or otherwise relating thereto, then in such event (a) the provisions of this paragraph shall govern and control, (b) neither the Debtor hereof nor his heirs, legal representatives, successors or assigns or any other party liable for the payment hereof, shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount permitted by law, (c) any such excess which may have been collected shall be, at the option of the holder of the instrument evidencing the Obligations, either applied as a credit against the then unpaid principal amount thereof or refunded to the Maker thereof and (d) the effective rate of interest shall be automatically subject to reduction to the maximum lawful contract rate allowed under the usury laws of the State of Texas as now or hereafter construed by the courts having jurisdiction.

(e) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided herein shall not be construed as a waiver of any of the other remedies of Secured Party.

VII. GENERAL:

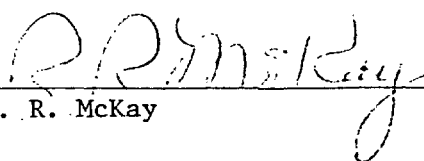
(a) Any provision hereof found to be invalid under the law of the State of Texas, or any other State having jurisdiction, shall be invalid only with respect to the offending provision. All words used herein shall be construed to be of such gender or number as the circumstances require. If this Security Agreement is executed by more than one Debtor, the obligations of all such Debtors shall be joint and several. This Agreement shall be binding upon the heirs, personal representatives, successors or assigns of the parties hereto, but shall inure to the benefit of successor or assigns of the Secured Party only. The law of the State of Texas shall apply to this Agreement and its construction and interpretation.

(b) Any carbon, photographic or other reproduction of any financing statement signed by Debtor is sufficient as a financing statement for all purposes, including without limitation, filing in any state as may be permitted by the provisions of the Uniform Commercial Code of such state.

(c) In order to induce Secured Party to advance and loan such funds to and/or for the benefit of Debtor, Debtor hereby covenants and agrees that in the event of default by the Debtor (an event of default shall be any one of those events of default stated above) that the Secured Party shall have the absolute and unconditional right, without the prior notice and/or any prior hearing of any kind whatsoever, to seize and take possession of the Collateral, and furthermore the Debtor does hereby expressly waive any right to any prior notice and/or any prior hearing prior to seizure and taking possession of the Collateral and/or property by the Secured Party in the event of default by the Debtor.

(d) The security interest hereby granted and all the terms and provisions hereof shall be deemed a continuing security agreement and shall continue in full force and effect, and all the terms and provisions hereof shall remain effective as between the parties, until first to occur of the following: (i) the expiration of four (4) years from the date of payment of Debtor's last obligation to Secured Party; or (ii) repayment by Debtor of all obligations secured hereby and the giving by Debtor of ten (10) days written notice of revocation of the terms and provisions hereof.

SIGNED in multiple original counterparts and delivered on the day and year first above written.

X 
R. R. McKay

"Debtor"

This is to certify that this is a true and exact copy of the original.
Post Oak Bank by: 

Thomas A. Adrean, Vice President

Subscribed and sworn to before me this 7 day of July, 1978.


Lisa Buchanan, Harris County, Texas

RICHMOND TANK CAR COMPANY

RICHMOND LEASING COMPANY

FIVE TANK CARS

WITH

TANK CAR MANAGEMENT AGREEMENTS

DOCUMENTS FOR EXECUTION

POST OAK BANK

EXHIBIT "D"

LEGEND — RESTRICTION ON TRANSFER

The securities represented by this Management Agreement and the railroad tank cars to be managed pursuant to the provisions hereof have not been registered under the Securities Act of 1933, as amended (the "Act"). No transfer of an interest hereunder (except for the grant of a security interest) shall be permitted in the absence of (i) an opinion of counsel for, or counsel satisfactory to, the issuer of the securities that such transfer will not require compliance with the registration requirements of the Act and of any applicable state laws or (ii) an effective Registration Statement under the Act and any applicable state laws covering the securities proposed to be transferred.

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement"), by and between Richmond Leasing Company, a Delaware corporation ("RLC"), having its principal place of business in Houston, Texas, and R. R. McKay ("Owner"), a resident of Houston, Harris County, Texas:

WITNESSETH:

WHEREAS, Owner has ordered 5 railroad tank cars pursuant to Richmond Tank Car Company purchase order dated 5/4/72 (the "Railway Equipment") and is desirous of entering into the following Agreement with RLC, whereby RLC will manage the Railway Equipment pursuant to the terms and conditions hereof; and

WHEREAS, RLC is desirous of undertaking the management of the Railway Equipment pursuant to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties hereto agree as follows:

ARTICLE I

Appointment

1. Owner hereby appoints RLC to manage and otherwise supervise the operation of the Railway Equipment in the name of the Owner, or in the name of RLC, but for the account and on behalf of the Owner pursuant and subject to the terms and conditions set forth in this Agreement.

2. RLC hereby accepts the appointment set forth in Paragraph 1 of this Article I and agrees to perform the duties and obligations set forth herein. Owner acknowledges and agrees that, whereas RLC has accepted the responsibility of managing the Railway Equipment, except as specifically set forth herein to the contrary or as provided by law, RLC shall have the sole function and operative judgment, to be exercised in a reasonable manner, for the leasing, operation and management of the Railway Equipment and for establishing and implementing policies and standards of leasing, operation, service, maintenance, repair, reporting and other such policies and standards affecting the Railway Equipment or the operation, maintenance or repair thereof. RLC shall be entitled to rely upon written or oral instructions received from Owner as to any and all acts to be performed by RLC.

ARTICLE II

Owner's Covenants and Responsibilities

1. Effective on the delivery of the Railway Equipment by Richmond Tank Car Company to Owner, Owner does hereby deliver and release to RLC the Railway Equipment for the management thereof by RLC, and RLC acknowledges delivery and receipt thereof.

2. Except as provided below, Owner shall be responsible for the payment of all expenses incurred in connection with the Railway Equipment, including ad valorem and other taxes, freight, storage, design changes and other modifications required by governmental or industry regulations or technological changes, deductibles under insurance policies, and other expenses, levies or charges, including the Management Fee (as defined in Article V hereof), incurred in connection with the Railway Equipment and the operation and leasing thereof (all of which shall hereinafter be sometimes collectively referred to as the "Expenses"). The Expenses shall not include, however, minor and major repair and maintenance work (including, without limitation, running repairs, cleaning, painting and periodic inspection costs) and insurance premiums as provided herein which shall be paid by RLC.

3. Owner agrees to pay a portion of the aggregate ad valorem, gross receipts, property, or similar taxes levied against all tank cars (including the Railway Equipment) managed or owned by RLC (the "RLC Fleet") in an amount equal to the percentage which the Lease Fees (as defined in Paragraph 1 of Article III) earned by the Railway Equipment are of the gross rental and service charges earned by all tank cars in the RLC Fleet.

4. If the Lease Fees (as defined in Paragraph 1 of Article III) earned by the Railway Equipment are less than the Expenses incurred or reasonably foreseeable in connection with the operation and management of the Railway Equipment hereunder, RLC will so advise the Owner in the Quarterly Report provided for under Article III, Paragraph 8 hereof, including the amount of such deficiency and, if requested by RLC, Owner will remit to RLC within ten days of receipt of the Quarterly Report the amount of such deficiency.

5. Owner agrees to cooperate fully with RLC and to provide all assistance reasonably requested by RLC to carry out its obligations hereunder. This shall include, subject to the provisions of Article VI hereof, full cooperation and assistance in any lawsuit or other similar matter or proceeding before any court or agency.

ARTICLE III

RLC's Covenants and Responsibilities

In consideration of the Management Fee provided for hereunder, RLC agrees to utilize reasonable time and efforts to:

1. Collect the rental and service charges earned by the Railway Equipment (the "Lease Fees"). Such duties shall not, however, be deemed to include the filing of a suit to collect such Lease Fees, although RLC may elect to do so at its option but at the expense of Owner, subject to the provisions of Article VI hereof.

2. Use its best efforts to obtain leases for the Railway Equipment for terms (including renewal options) not to exceed 71 months and maintain the Railway Equipment under lease throughout the term of this Agreement. RLC shall execute any such leases, in RLC's sole discretion, either in the name of Owner or in the name of RLC but for the account and on behalf of the Owner.

3. Comply with the terms and conditions of any lease agreements to which the Railway Equipment is subject during the term hereof. It is understood, however, that before RLC shall be obligated to comply with any lease not negotiated by RLC or any amended terms and conditions of any such lease, such lease and/or amendments must be approved, in writing, by RLC.

4. Make all required registration and other filings with the Interstate Commerce Commission, the Association of American Railroads, the Department of Transportation and any other governmental or industry authority.

5. File applicable ad valorem and other tax returns and pay, from the Lease Fees or from funds advanced by Owner, all such taxes due, in accordance with the provisions of Article II, Paragraph 3. RLC may, however, retain during each calendar year of the term of this Agreement, an amount equal

to three percent of the Lease Fees received during that calendar year to cover such taxes, but will, within 90 days following the end of each calendar year, remit to Owner any amounts not required for such taxes.

6. Maintain adequate books and records sufficient to account properly for the Lease Fees, Expenses and other such items applicable to the Railway Equipment.

7. Contract for or otherwise obtain all repair and/or maintenance work on the Railway Equipment considered necessary by RLC, such repair and/or maintenance work to be paid for by RLC, subject to the provisions of Article II, Paragraph 2.

8. Provide periodic reports to Owner on a quarterly basis (the "Quarterly Reports") which shall set forth the Lease Fees derived from the use of the Railway Equipment, as well as Expenses incurred or that are reasonably foreseeable to be incurred in connection with the Railway Equipment. The Quarterly Reports shall be for the quarters ending March 31, June 30, September 30 and December 31, and will be delivered to Owner as promptly as is reasonably possible. Should the Lease Fees exceed the Expenses incurred in connection with the Railway Equipment, payment of the excess (except for any amount retained under Paragraph 5 and this Paragraph 8 of Article III) shall accompany the Quarterly Report. Should Expenses (incurred or reasonably foreseeable) exceed the Lease Fees for the period in question, the Quarterly Report will set forth the amount to be remitted by Owner to RLC, if requested. It is understood that RLC shall be under no obligation to advance funds for payment of the Expenses, regardless of the results of the nonpayment thereof. It is further understood that RLC shall have the authority to retain portions of Lease Fees that exceed actual Expenses incurred to cover future Expenses that can be reasonably foreseen to exceed Lease Fees for the applicable future period or periods. Such retention of Lease Fees shall be accomplished on a reasonable basis and in such a manner as to minimize the effect that such retention shall have on cash distributions, if any, made to Owner. No assessment for cash deficiencies shall be made to Owner, however, to the extent of unremitted mileage credits held by RLC.

9. Maintain the following insurance coverage on the Railway Equipment: A policy of general liability insurance with limits of coverage not less than the amounts and against the risks insured against by RLC from time to time on railroad equipment owned by it; and a policy of property insurance with limits of coverage of not less than \$50,000 per car, \$1,500,000 each occurrence, with no more than a \$50,000 deductible (to be paid by Owner) each occurrence, naming Owner as an additional insured. Any additional insurance desired by Owner shall be obtained by Owner at Owner's expense. If at any time the general liability insurance maintained on the Railway Equipment shall have limits of less than \$10,000,000 or shall not include assumed contractual coverage, for whatever reason, RLC shall, not less than thirty (30) days after it receives effective notice of the decrease in such insurance coverage, give written notice to Owner of the same. RLC will provide the Owner as promptly as practicable after receipt by RLC a certificate setting forth the then existing insurance coverage on the Railway Equipment.

10. Reasonably pursue any and all warranties or other claims against manufacturers, users, lessees, railroads and other parties on behalf of Owner. Such duties shall not, however, be deemed to include the filing of suit, although RLC may elect to do so at its option, but at the expense of Owner, subject to the provisions of Article VI.

ARTICLE IV

Term and Termination

1. Subject to the provisions set forth herein, this Agreement shall be effective commencing with the first date on which a railroad tank car included in the Railway Equipment is delivered to Owner, as set forth in the invoice for such railroad tank car, and shall automatically terminate ten years from such date.

2. Except as otherwise provided in this Agreement, the Owner may terminate this Agreement by giving RLC written notice of termination not less than three months prior to the termination date designated in such notice; provided, however, if Owner shall owe RLC any amounts under this Agreement, the Owner may not terminate this Agreement as to any of the Railway Equipment until all such amounts have been paid. RLC shall, at its option, be entitled to continue to lease and otherwise operate and manage the Railroad Equipment and retain any and all Lease Fees received therefrom until all amounts outstanding and/or subsequently incurred in connection with such continued leasing of the Railroad Equipment have been paid.

3. Except as otherwise provided in Article IV, Paragraph 4, should either party default under its obligations set forth herein, the sole and exclusive remedy of the other party shall be to advise the defaulting party of such default, and should such default not be corrected within 30 days of such notification, the aggrieved party may, at its option, immediately terminate this Agreement; provided, that the Owner shall (in addition to the foregoing) preserve and retain any rights the Owner might have at law or in equity if RLC defaults in its obligations under Article III, Paragraph 9, or if RLC's actions constitute gross negligence or willful misconduct.

4. Neither RLC nor the Owner shall, by reason of the expiration or the termination of this Agreement in accordance with the terms and provisions hereof, be liable to the other for compensation, reimbursement or damages, either on account of present or prospective profits or on account of expenditures, investments or commitments made in connection therewith or in connection with establishment, development or maintenance of the business or goodwill of RLC or the Owner, or on account of any other cause or thing whatsoever; provided, however, that such expiration or termination shall not affect the rights or liabilities of the parties with respect to any indebtedness owing by either party to the other; and further provided, that such expiration or termination shall be subject to any then existing lease or leases of the Railway Equipment, and RLC, at its option, shall be entitled to continue, pursuant to the terms and conditions of this Agreement, the management and control of any of the Railway Equipment covered by such lease or leases as may be necessary for RLC to comply with such lease or leases, including the right to retain the Lease Fees, Management Fee and other sums as provided for herein, until the expiration or termination of such lease or leases. Except as may be otherwise expressly set forth herein, upon the expiration or termination of this Agreement, all obligations of the parties shall immediately cease. RLC shall, however, provide reasonable assistance to Owner in transferring to Owner, all at Owner's expense and upon Owner's request, all records, data and other information relating to the Railway Equipment and in assisting Owner in the implementation of such records, data and information into Owner's operations.

ARTICLE V

Management Fee

In consideration of the services of RLC hereunder, Owner shall pay to RLC a management fee of 15% of the Lease Fees collected for each railway car included in the Railway Equipment (the "Management Fee"). The Management Fee shall be deducted from the remittance due quarterly to Owner as otherwise provided herein.

ARTICLE VI

Legal Actions

RLC will give written notice to Owner at least 10 days prior to the institution of legal proceedings by RLC or not more than 10 days after being served with process in any legal proceedings against RLC involving the Railway Equipment. Unless otherwise directed in writing by Owner, RLC may, at its option, institute or defend, in its own name or in the name of Owner, or both, but not against each other, and in all events at the expense of the Owner, any and all legal actions or proceedings it considers necessary hereunder, including those to collect charges, rents, claims or other income for the Railway Equipment, or lawfully oust or dispossess lessees or other persons in possession

thereof, or lawfully cancel, modify or terminate any lease, license or concession agreement for the breach thereof or default by a lessee, licensee or concessionaire or take any and all necessary actions to protest or litigate to a final decision in any appropriate Court or other forum any violation, order, rule, regulation, suit, claim or other matter affecting the Railway Equipment. RLC shall keep Owner currently advised of all legal proceedings and Owner reserves the right to direct RLC to terminate any litigation brought pursuant to the foregoing authority.

ARTICLE VII

Assignment

This Agreement is not assignable by either party except with the written consent of the other party; provided, however, (a) this Agreement together with the Railway Equipment may be transferred by Owner to his estate, heirs or devisees or to any purchaser at a foreclosure sale where this Agreement and the related Railway Equipment are sold as collateral so long as such sale complies with applicable federal or state securities laws and (b) may be assigned by RLC in connection with the merger or consolidation of RLC into another corporation or as part of the sale of substantially all of the assets of RLC, provided that notice of such merger, consolidation, or sale shall be given to Owner prior to the effective date thereof.

ARTICLE VIII

Indemnification

Owner and RLC jointly and severally acknowledge, agree and covenant that RLC is entering into this contract as an independent contractor, and neither party hereto shall take any action to alter such legal relationship. Owner shall have no right or authority, and shall not attempt, to enter into contracts or commitments in the name, or on behalf, of RLC, or to bind RLC in any manner or respect whatsoever. Further, Owner agrees to indemnify and hold RLC harmless from any and all claims, demands, causes of action (at law or in equity), costs, damages, reasonable attorney's fees, expenses and judgments, which may hereafter be asserted by any third party based on or relating to the Railway Equipment or the operation, including the leasing, thereof, except for all claims, demands, causes of action (at law or in equity), costs, damages, reasonable attorney's fees, expenses and judgments which may hereafter be asserted by any third party based on or relating to actions taken by, or inactions of, RLC in connection with the Railway Equipment, which actions or inactions were not authorized hereunder, were authorized hereunder but performed negligently, or were not specifically requested or approved by Owner; provided, that RLC shall indemnify and hold harmless the Investor from all claims, demands, causes of action (at law or in equity), damages, reasonable attorney's fees, expenses and judgments which may be asserted hereafter by any third party based on or relating to any of the aforesaid actions or inactions of RLC in connection with the Railway Equipment.

ARTICLE IX

Additional Agreements

1. Each party hereto shall promptly and duly execute and deliver to the other party such further documents, assurances, releases and other instruments, and take such further actions, including any necessary filings and the execution of a power of attorney of Owner, as the other party may reasonably request, in order to carry out more fully the intent and purpose of this Agreement and to indicate the ownership of the Railway Equipment during the continuance and upon termination of this Agreement.

2. It is understood that upon the expiration or termination of this Agreement as to any or all of the Railway Equipment, Owner shall no longer be entitled to use the Recording and UMLER Car Initials and Numbers and other designations (the "Designations") that are presently the property of RLC. Accordingly, Owner agrees that it will promptly undertake upon such expiration or termination, at Owner's expense, all steps necessary to change promptly the Designations on the Railway Equipment no longer included under the Agreement and to execute any and all documents requested by RLC to transfer to RLC any rights Owner may have acquired to such Designations. RLC agrees to prepare, at RLC's expense, documentation as, in its opinion, is necessary to change all designations on the Railway

Equipment from the Designations of RLC to those adopted by Owner, and to provide reasonable assistance to Owner, at Owner's expense, in the filing of such documents.

3. Any notice or other communication by either party to the other shall be in writing, and shall be deemed to have been duly given if either delivered personally or mailed, postage prepaid, registered or certified mail, addressed as follows:

RLC: Richmond Leasing Company
777 South Post Oak Road
Houston, Texas 77056
Attention: President

Owner:

..... R.R. Milkey
..... 1819 St James Pl
..... Houston, Tex 77056

or to such other address, and to the attention of such other person or officer as either party may designate to the other in writing as provided by this Paragraph.

4. The Owner or his authorized representative shall be entitled to inspect the books and records of RLC applicable to the Railway Equipment at any reasonable time during the office hours of RLC.

5. RLC hereby confirms that it will act as agent of Owner in entering into and performing all obligations and duties of the lessor under any lease of the Railway Equipment and hereby assigns to Owner all rights of the lessor under any such lease, including any rights of indemnification of the lessor thereunder; provided, that such assignment shall not affect or modify the relationship between, or the respective rights, obligations, and duties of, RLC and Owner pursuant to this Agreement.

6. This Agreement contains the entire agreement of the parties hereto pertaining to the management and operation of the Railway Equipment. Except as otherwise provided herein, this Agreement may not be modified or amended, except by express, written agreement signed by both parties hereto. Any waiver of any obligation of either party hereto shall not be construed as a continuing waiver of any such obligation under any provision hereof.

7. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the heirs, administrators, executors, successors and assigns, if any, of the parties hereto, subject to the provisions pertaining to the assignment hereof set forth in Article VII.

8. This Agreement shall be construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have hereunto set their names, effective this 9th day of May, 1978.

RICHMOND LEASING COMPANY

By

President

OWNER

..... R.R. Milkey

THE STATE OF TEXAS §
COUNTY OF Harris §

BEFORE ME, the undersigned authority, on this day personally appeared R. B. McKay, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 30 day of June, 1938.

Illona Chu

Notary Public in and for
Harris County, Texas

THE STATE OF TEXAS §
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 19 .

Notary Public in and for
_____ County, Texas

THE STATE OF TEXAS §
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, of _____, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said _____ and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY AND HAND AND SEAL OF OFFICE, this the _____ day of _____, 19 .

Notary Public in and for
_____ County, Texas